

*Application / control Number: 10/659,517*

*Art Unit: 2121*

*Examiner: Chad Rapp*

*Office Action Summary –Part of Paper No/Mail Date 20090929*

### **1. Remarks on previous Response to Arguments**

The latest office action summary, recorded as Part of Paper No/Mail Date 20090929, informs the applicant that his claims 1-15 are rejected based on 35 USC 112 and 35 USC 103. The office action acknowledges that it is responsive to communication filed on 20 May 2009.

On May 19, 2009 a telephonic interview was arranged with Chad Rapp, Ramesh Patel, Albert DeCady participating. A summary of interview was acknowledged on May 20, 2009 by the Office, the details of which were subsequently submitted by applicant on July 7, 2009. The Office Action “*response to Arguments*” refers to filing date of May 9, 2009, that is, prior to telephone interview. Accordingly, it appears that the content of the interview has not been taken into account. Perhaps, a summary of the submitted interview report would shed some light to perception that “... the applicant is reading more into his claims than what his claim actually state.” The relevance of examples cited by examiner such as “electronic trading system”, “pricing data” and “competitive quotes” were all discussed with no challenge during the course of interview. Here are the highlights of that interview.

- a) Background information starting with the original application (filed August 2000) under “Risk Management in Manufacturing” comprising several modules which included the subject application, knowledge based engine providing a methodology to generate securitized products as well as the interpretation of the risk management engine. Briefly, the claims were encapsulated in two distinct areas:

- The methodology of developing product that can be used as paper trade or security

- The business model that would allow a trading platform for these products
- b) Regarding the subject application, specific points of claim 1 and the principle idea behind “root” extraction process were reviewed. The word “generic”, although commonly assumed to be a substitute for a brand name product, was argued to mean a property that implies interchangeability in terms of technical specification. Citing the specification, accompanied with claim, the *value-add* of a root product is a well defined pre-requisite for selection process. This means there is no intrinsic value, trade secret or material proprietary beyond what is openly declared. Such a “root” product is then interchangeable. The claim is about inventing a process which would allow the “discovery” of root product(s), produced by any and all suppliers, but based on a *common value-add* for which classification or taxonomy is employed. An example of such classification is given in the specification (PP15-22) where all known technical data of suppliers of, say, memory devices are grouped, sub-grouped and sub-sub-grouped based on the declared *value adds* to arrive at a generic product. Naturally, the simplest value-add is found in a root product (also known as base-product). It is then a matter of adding common properties to define new generic product(s) and so on. This explains why classification of manufacturers products as taught by prior art (Riley, et al.) *is not* the claim. The procedure for listing or grouping to facilitate the extraction process of generic product can certainly do without declaring the term *classification* if necessary.
- c) A similar argument holds for Pareto’s Law, commonly known as 80/20 rule. The claim is about listing a large number of generic products that are available by many suppliers. On the other hand, a generic product as defined under (b) may or may not enjoy a substantial demand (known as trading volume). Such information when aggregated is known as market data. It is then necessary to sift through the technical data as well as associated market data, so that only those products that meet certain defined threshold are selected (also known as scoring). One way of scoring is to adopt the 80/20 rule, which expedites the selection process. Clearly, Pareto’s Law is not the subject of claim; it is merely a matter of

convenience. If necessary, the 80/20 procedure can be eliminated in favor of other means.

Applicant had previously acknowledged that the software developed thus far would cover mostly the pre-defined, products (within semiconductor industry) as part of an integrated electronic trading platform submitted in August 2000.

All claims are derived from the submitted specifications filed in September 2003 describing methods, processes and procedures.

**2. Applicant's claims 1-15 were rejected on account of 35 USC 112 and 35 USC 103(a)**

The rejection of claim is mainly based on a presumption that prior arts, notably of Riley et al, McClendon et al and Rushton et al substantially address applicant's claim if "one of *ordinary skill* in the art" modify the respective teachings. Applicant's present application is Continuation In Part (CIP) to his initial application submitted in August 2000, where product pricing through competitive pricing is envisaged in that trading platform as a business model. This is fundamentally different from simple cataloging of manufacturers products with associated price *estimate* as proposed by above mentioned prior arts. Accordingly, applicant's present claim should be considered within the framework of a trading platform as described in the specification.

A) 35USC 112 : "...failing to comply with written description requirement. ....one of *ordinary skill in the art* would be blind in finding results using undue experimentation."

*Argument:*

The specification details a step-by-step approach ( preferred embodiment, pages 8-14) aiming to establish the essence of the invention, that is, a methodic determination of a root product that is truly homogeneous . Further down, on pages 15-22 accompanied by respective, already accepted drawings, the concept is exemplified by showing how

market information is combined with technical factors to determine whether a generic product qualifies as an interchangeable, or fungible product that can be traded in an open market. Applicant's claims reflect the key steps for reaching these objectives.

B) 35 USC 103(a) : “...*the difference between prior arts and applicant claims*  
...*Patentability shall not be negatived by the manner in which the invention was made.*”

*Argument:*

Applicant believes that the issue is not the *manner* in which the invention is made; it is the *idea* that is fundamentally different. The stated prior arts address product classification that strictly applies to manufacturers production line. Such methodology is considered within a “closed” environment or market. It merely lists or catalogs a line of products made by *a manufacturer*. As such, each manufacturer has its own catalog of products. Applicant's claims, as described in the attached specifications, are based on characterization of *a product* among many manufacturers suited for trading in an *open market*. The applicant's claim begins with selecting a range of *industry specific* in-process materials among *many suppliers* whose prices, based on supply and demand, are subjected to continuous change in an open market. The claims conclude with *a product* whose specification is homogeneous and is embedded with respective market intelligence, hence constituting a basis for *generating products* that can potentially be priced in an open market..

Further, building a taxonomy and extracting root product(s) is not simply “product descriptions stored in database in the form of hierarchical tree and extraction based on generic data” as suggested by *Riley et al*(6,633,788). It is the market intelligence and state of product maturity from market standpoint that, together, determine which of root products would be a candidate for selection. Such multi discipline art cannot be obvious to one of *ordinary skill in the art* at any time, nor is it a simple modification to prior art and is certainly not peripheral details; on the contrary, it is what distinguishes a closed market(between two parties) from an open market( among many parties).

The idea of integrating technical data with marketing intelligence is by itself a new and innovative approach to facilitate global pricing of manufactured products. Such dynamic pricing as part of market data is vastly different from cost estimation as taught by McClendon et al.

Put it simply, applicant's claim is a two-dimensional approach as opposed to a one-dimensional classification. Inventor's claim 1, "A system methodology and procedure that extracts root products and transforms that to a generic product, containing....." and further detailed in claims 2-15 refer to market information which is totally a different concept from manufacturer catalog listing and pricing estimates. It is, in fact, the volume ( quantity times contract price with specified delivery date) that establishes an aggregate price in an open market. The claim is exemplified in applicant's submitted specification (pages 19-25).

With respect to claims 6 and 7, Pareto's Law is used to measure the degree of relative importance of products and subsequently reduce a large number of products to fewer manageable products. The idea of determining the marketability of selected product is crucial here and is an integral part of root extraction process; it is not simply a modification to specific teaching. The key here is to gather market data and to incorporate that into product specification. Pareto's Law is used as a tool to expedite the procedure. To demonstrate this usage of Pareto's Law the specification ( P 12) states:

*"The selection is based on the assumption that starting with a given group of product handful of subgroup items is most dominant. Block 020 represents a list of or bill of materials used for a production line. Block 021 shows a group of related product items. The system calculates the Dollar value(aggregate) of the first item and checks if they represent 80% of Dollar amount. If not, it fetches the next item and so on until the result is achieved. Once the "dominant" items have been selected the process of extracting the root product of each product begins"*

Once again, the claim is not about Pareto's Law or its advantage; it is about a procedure that applies Pareto's Law to achieve its objective. The procedure of determining which of the products should be selected can utilize any available tool including 80/20 rule..

The above argument holds for claims 8 to 11 as well as claims 14 and 15.

Claim 12 refers to pricing data as continually changing prices of product which is the actual price of product subject to instant supply and demand, far from cost estimate which may be obvious to one of ordinary skill in the art at any time of invention.

Claim 13 should be patentable because the product pricing variability is partially due to "aging" of products that are technology dependent irrespective of supplier. This is time dependent variable and hence not a modification to a static property of product.

### **3. A Summary**

Applicant asserts that his CIP application is a part of his original claim filed in August 2000. The products are therefore developed for purpose of trading platform as described in the application. Exploring such products would require a selection process that would systematically introduce new products and retire the inactive ones. The process encompasses a set of information including technical data, market data and business intelligence in order to optimize the outcome of product selection. Techniques are employed to assemble such information and tabulate the results such as grouping or sorting in ascending or descending order, standard classification as well as scoring method such as Pareto's Distribution.